WRIGHT COUNTY
CLARION, IOWA

INDEPENDENT AUDITOR'S REPORTS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2016

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Officials

Name	Title	Term Expires
	Board of Supervisors	
Rick Rasmussen	First District	January, 2017
Stan Watne	Second District	January, 2019
Karl Helgevold	Third District	January, 2017
	Officials	
Betty Ellis	County Auditor	January, 2017
Peggy Schluttenhofer	County Treasurer	January, 2019
Denise Baker	County Recorder	January, 2019
Jason Schluttenhofer	County Sheriff	January, 2017
Eric Simonson	County Attorney	January, 2019
Shari Plagge	County Assessor	Appointed

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Certified Public Accountants and Consultants

Independent Auditor's Report

Board of Supervisors
Wright County
Clarion, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wright County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Wright County as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of funding progress for the retiree health plan on pages 4 through 10 and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wright County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2011 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information on pages 51 through 55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017 on our consideration of Wright County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wright County's internal control over financial reporting and compliance.

Hogan - Hansen

HOGAN - HANSEN

Clear Lake, Iowa
February 1, 2017

Wright County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenue of the County's governmental activities increased 21.7%, or approximately $3,332,000, from fiscal year 2015 to fiscal year 2016. Capital grants, contributions and restricted interest increased approximately $1,707,000, property tax and other county tax increased approximately $1,001,000, operating grants, contributions and restricted interest increased approximately $299,000 and other general revenue increased approximately $264,000.

- Program expenses of the governmental activities were 2.7%, or approximately $417,000, more in fiscal year 2016 than in fiscal year 2015. Nonprogram expenses increased approximately $576,000, while physical health and social services expenses decreased approximately $353,000.

- The County's net position increased 11.9%, or approximately $2,694,000, from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

- The Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Wright County as a whole and present an overall view of the County's finances.

- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wright County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Wright County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

- Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

- Supplementary Information provides detailed information about the nonmajor governmental and the individual agency funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the statement of net position and the statement of activities. Governmental activities include public safety and legal services; physical health and social services; mental health; county environment and education; roads and transportation; governmental services to residents; administration; interest on long-term debt; and nonprogram activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The governmental funds include: (a) the General Fund, (b) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Drainage Districts, (c) the Debt Service Fund and (d) the Capital Projects Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures and changes in fund balances.

2. A proprietary fund accounts for the County's Internal Service, Employee Group Health Insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

   The required financial statements for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in fund net position and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

   The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Wright County's combined net position at the end of fiscal year 2016 totaled $25,308,179, compared to $22,613,963 at the end of fiscal year 2015. The analysis that follows focuses on the changes in the net position of governmental activities.

	Net Position of Governmental Activities June 30,	
	2016	**2015 As Restated**
Current and other assets	$ 18,284,533	$ 16,723,831
Capital assets	25,600,850	23,384,841
Total Assets	**43,885,383**	**40,108,672**
Deferred Outflows of Resources	**816,877**	**853,097**
Total Assets and Deferred Outflows of Resources	**$ 44,702,260**	**$ 40,961,769**
Current liabilities	$ 2,276,422	$ 610,236
Long-term liabilities	9,714,592	9,663,183
Total Liabilities	**11,991,014**	**10,273,419**
Deferred Inflows of Resources	**7,403,067**	**8,074,387**
Net Position		
Net investment in capital assets	22,402,294	19,863,367
Restricted	3,684,976	4,047,425
Unrestricted	(779,091)	(1,296,829)
Total Net Position	**25,308,179**	**22,613,963**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 44,702,260**	**$ 40,961,769**

Net position of Wright County's governmental activities increased 11.9% (approximately $25,308,000 compared to $22,614,000). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased from a deficit of $1,296,829 as of June 30, 2015 to a deficit of $779,091 as of the end of this year, an increase of 39.9%.

	Changes in Net Position of Governmental Activities Year Ended June 30, 2016	2015 As Restated
Revenue		
Program Revenue		
Charges for service	$ 668,814	$ 641,157
Operating grants, contributions and restricted interest	6,425,777	6,126,361
Capital grants, contributions and restricted interest	2,151,068	444,360
General Revenue		
Property tax and other county tax	7,695,251	6,694,432
Penalty and interest on property tax	44,074	48,289
State tax credits and replacements	545,344	446,875
Local option sales tax	425,602	396,804
Unrestricted investment earnings	253,276	297,547
Other general revenue	506,947	242,517
Loss on disposal of capital assets	(50,070)	(4,323)
Total Revenue	18,666,083	15,334,019
Program Expenses		
Public safety and legal services	1,960,763	2,025,867
Physical health and social services	3,257,431	3,610,408
Mental health	737,789	756,862
County environment and education	873,667	854,044
Roads and transportation	6,013,296	5,879,354
Governmental services to residents	478,335	488,079
Administration	1,345,457	1,222,447
Nonprogram	1,078,838	502,766
Interest on long-term debt	226,291	215,464
Total Expenses	15,971,867	15,555,291
Change in Net Position	**2,694,216**	**(221,272)**
Net Position - Beginning of Year, as Restated	22,613,963	22,835,235
Net Position - End of Year	**$ 25,308,179**	**$ 22,613,963**

Wright County's governmental activities net position increased approximately $2,694,000 during the year. Revenue for governmental activities increased approximately $3,332,000 over the prior year which was mainly due to an increase in capital grants, contributions and restricted interest and property and other county tax.

The cost of all governmental activities this year was approximately $15,972,000 compared to approximately $15,555,000 last year. However, as shown in the statement of activities on page 12, the amount taxpayers ultimately financed for these activities was approximately $6,726,000 because some of the cost was paid by those directly benefited from the programs (approximately $669,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $8,577,000). Overall, the County's governmental program revenue, including intergovernmental aid and charges for service, increased in fiscal year 2016 from approximately $7,212,000 to approximately $9,246,000, principally due to receiving more donations of capital assets from the Iowa Department of Transportation in fiscal year 2016.

INDIVIDUAL MAJOR FUND ANALYSIS

As Wright County completed the year, its governmental funds reported a combined fund balance of $8,289,231, an increase of approximately $12,000 above last year's total of $8,276,800. The increase is primarily attributed to an increase in property tax and other county tax, intergovernmental and miscellaneous revenue. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund, the operating fund for Wright County, ended fiscal year 2016 with an ending balance totaling $3,357,496, an increase of $301,754. The Board of Supervisors aim to maintain an ending fund balance of about 25% of expenditures. In fiscal year 2016, ending fund balance was 43.9% of expenditures. There was no significant change in revenue and expenditures decreased slightly.

The Special Revenue, Mental Health Fund ended fiscal year 2016 with a $449,424 balance compared to the prior year balance of $507,151. Property and other county tax and intergovernmental revenue decreased and expenditures also decreased slightly.

The Special Revenue, Rural Services Fund ended fiscal year 2016 with a $308,616 balance compared to the prior year balance of $325,830. There were no significant changes in revenue or expenditures.

The Special Revenue, Secondary Roads Fund ended fiscal year 2016 with a $2,654,818 balance compared to the prior year balance of $2,882,895. Reserve for inventory increased and expenditures increased resulting in a net decrease in fund balance.

The Special Revenue, Drainage Districts Fund ended fiscal year 2016 with a $292,099 balance compared to the prior year balance of $492,334. Expenditures increased significantly during the year due to an increase in projects. Revenue also increased resulting in the net decrease in fund balance.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wright County amended its budget once. The amendment was made in May, 2016. The amendment increased budgeted revenue by approximately $447,000 and increased expenditures by approximately $63,000.

The County's receipts were $63,946 more than budgeted, a variance of less than 1%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total disbursements were $1,878,881 less than the amended budget. Actual disbursements varied due to timing of when disbursements were budgeted and when they were actually incurred.

Even with the budget amendments, the County exceeded the budgeted amounts in the debt service and nonprogram functions for the year ended June 30, 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, Wright County had invested $25,600,850, net of accumulated depreciation, in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount is a net increase (including additions and deletions) of $2,216,009, or 9.5% from last year.

The County had depreciation expense of $1,489,034 in fiscal year 2016 and total accumulated depreciation of $26,831,011 as of June 30, 2016.

Capital Assets of Governmental Activities at Year End
(Net of Depreciation)

	June 30,	
	2016	**2015**
Land	$ 939,291	$ 939,291
Construction in progress	—	290,367
Buildings	4,463,548	4,209,859
Improvements	214,580	224,973
Machinery, equipment and vehicles	3,070,250	2,084,154
Infrastructure	16,913,181	15,636,197
Total	**$ 25,600,850**	**$ 23,384,841**

This year's major additions include road and bridge improvements and roads and transportation equipment. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

As of June 30, 2016, Wright County had $5,703,052 in general obligation bonds, notes and other debt outstanding, compared to $5,837,890 as of June 30, 2015, as shown below.

Outstanding Debt of Governmental Activities at Year End

	June 30,	
	2016	**2015**
General obligation bonds and notes	$ 3,235,000	$ 3,475,000
Intermediary relending loan	145,399	160,772
Drainage warrants/improvement certificates	2,322,653	2,202,118
Total	**$ 5,703,052**	**$ 5,837,890**

Outstanding debt decreased primarily as a result of payments made on the general obligation bonds and notes and intermediary relending loan. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Wright County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $41 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Wright County's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various County activities.

The assessed taxable value increased this year by $16,903,697. This increase consisted of a $12,521,777 increase in rural ag land combined with slight increases in other areas.

The 2017 budget shows increased expenses. The cost of health insurance continues to increase and the County continues to research options to reduce healthcare costs. The County has implemented an aggressive wellness program to try to make the employees more aware of their personal health.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Wright County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wright County Auditor's Office, 115 North Main Street, Clarion, IA 50525.

Basic Financial Statements

Statement of Net Position

As of June 30, 2016

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash, cash equivalents and pooled investments	$ 7,946,307
Receivables	
Property Tax	
Delinquent	8,444
Succeeding year	6,892,822
Accounts	100,344
Accrued interest	123,657
Drainage assessments	731,194
Due from other governments	710,851
Loans receivable	209,314
Inventories	1,334,314
Prepaid insurance	227,286
Capital assets, net of accumulated depreciation	25,600,850
Total Assets	**43,885,383**
Deferred Outflows of Resources	
Pension-related deferred outflows	**816,877**
Total Assets and Deferred Outflows of Resources	**$ 44,702,260**
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	$ 1,246,067
Accrued interest payable	158,136
Salaries and benefits payable	208,990
Long-Term Liabilities	
Portion Due or Payable Within One Year	
General obligation bonds	210,000
General obligation notes	50,000
Intermediary relending loan	15,519
Compensated absences	387,710
Portion Due or Payable After One Year	
General obligation bonds	2,810,000
General obligation notes	165,000
Intermediary relending loan	129,880
Drainage warrants/improvement certificates	2,322,653
Net pension liability	3,598,896
Net OPEB liability	688,163
Total Liabilities	**11,991,014**
Deferred Inflows of Resources	
Unavailable property tax revenue	6,892,822
Pension-related deferred inflows	510,245
Total Deferred Inflows of Resources	**7,403,067**
Net Position	
Net investment in capital assets	22,402,294
Restricted for	
Supplemental levy purposes	716,610
Mental health purposes	447,803
Rural services purposes	308,616
Secondary roads purposes	1,210,974
Debt service	126,483
Capital projects	346,811
Other purposes	527,679
Unrestricted	(779,091)
Total Net Position	**25,308,179**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 44,702,260**

See accompanying notes to the financial statements.

Statement of Activities

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue: Charges for Service	Program Revenue: Operating Grants, Contributions and Restricted Interest	Program Revenue: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Public safety and legal services	$ 1,960,763	$ 98,823	$ 38,010	$ —	$ (1,823,930)
Physical health and social services	3,257,431	195,599	2,656,832	—	(405,000)
Mental health	737,789	—	166,472	—	(571,317)
County environment and education	873,667	94,236	459	—	(778,972)
Roads and transportation	6,013,296	7,735	3,526,342	2,151,068	(328,151)
Governmental services to residents	478,335	250,254	—	—	(228,081)
Administration	1,345,457	22,167	17,578	—	(1,305,712)
Nonprogram	1,078,838	—	20,084	—	(1,058,754)
Interest on long-term debt	226,291	—	—	—	(226,291)
Total Governmental Activities	**$ 15,971,867**	**$ 668,814**	**$ 6,425,777**	**$ 2,151,068**	**(6,726,208)**
General Revenue					
Property and Other County Tax Levied for					
General purposes					7,366,813
Debt service					328,438
Penalties and interest on property tax					44,074
State tax credits and replacements					545,344
Local option sales tax					425,602
Unrestricted investment earnings					253,276
Miscellaneous					506,947
Loss on disposal of capital assets					(50,070)
Total General Revenue					**9,420,424**
Change in Net Position					**2,694,216**
Net Position - Beginning of Year, as restated (Note 15)					22,613,963
Net Position - End of Year					**$ 25,308,179**

Balance Sheet - Governmental Funds

As of and for the Year Ended June 30, 2016

	General	Special Revenue: Mental Health	Special Revenue: Rural Services	Special Revenue: Secondary Roads	Special Revenue: Drainage Districts	Nonmajor	Total
Assets							
Cash, cash equivalents and pooled investments	$ 2,887,825	$ 455,912	$ 214,787	$ 2,146,609	$ 413,791	$ 1,234,947	$ 7,353,871
Receivables							
Property Tax							
Delinquent	7,420	733	200	—	—	91	8,444
Succeeding year	4,291,838	423,861	1,796,686	—	—	380,437	6,892,822
Accounts	86,456	—	—	7,113	—	6,775	100,344
Accrued interest	122,925	—	—	—	—	451	123,376
Drainage assessments	—	—	—	—	731,194	—	731,194
Due from other governments	360,563	—	94,188	256,100	—	—	710,851
Loans receivable	—	—	—	—	—	209,314	209,314
Inventories	—	—	—	1,334,314	—	—	1,334,314
Prepaid insurance	116,135	1,621	—	109,530	—	—	227,286
Total Assets	**$ 7,873,162**	**$ 882,127**	**$ 2,105,861**	**$ 3,853,666**	**$ 1,144,985**	**$ 1,832,015**	**$ 17,691,816**
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	$ 73,654	$ 2,387	$ 360	$ 1,138,260	$ —	$ 15,395	$ 1,230,056
Salaries and benefits payable	142,780	5,722	—	60,488	—	—	208,990
Accrued interest payable	—	—	—	—	121,692	—	121,692
Total Liabilities	**216,434**	**8,109**	**360**	**1,198,748**	**121,692**	**15,395**	**1,560,738**
Deferred Inflows of Resources							
Unavailable Revenue							
Succeeding year property tax	4,291,838	423,861	1,796,686	—	—	380,437	6,892,822
Other	7,394	733	199	100	731,194	209,405	949,025
Total Deferred Inflows of Resources	**4,299,232**	**424,594**	**1,796,885**	**100**	**731,194**	**589,842**	**7,841,847**
Fund Balances							
Nonspendable							
Inventories	—	—	—	1,334,314	—	—	1,334,314
Prepaid insurance	116,135	1,621	—	109,530	—	—	227,286
Restricted for							
Supplemental levy purposes	716,610	—	—	—	—	—	716,610
Mental health purposes	—	447,803	—	—	—	—	447,803
Rural services purposes	—	—	308,616	—	—	—	308,616
Secondary roads purposes	—	—	—	1,210,974	—	—	1,210,974
Drainage district purposes	—	—	—	—	292,099	—	292,099
Debt service	—	—	—	—	—	162,927	162,927
Capital projects	—	—	—	—	—	346,811	346,811
Other purposes	102,738	—	—	—	—	717,040	819,778
Assigned for							
Jail commissary	62,404	—	—	—	—	—	62,404
Public health	91,703	—	—	—	—	—	91,703
Other	75,397	—	—	—	—	—	75,397
Unassigned	2,192,509	—	—	—	—	—	2,192,509
Total Fund Balances	**3,357,496**	**449,424**	**308,616**	**2,654,818**	**292,099**	**1,226,778**	**8,289,231**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 7,873,162**	**$ 882,127**	**$ 2,105,861**	**$ 3,853,666**	**$ 1,144,985**	**$ 1,832,015**	**$ 17,691,816**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of June 30, 2016

Total Fund Balances for Governmental Funds (Page 13)....		**$ 8,289,231**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $52,431,861 and the accumulated depreciation is $26,831,011		25,600,850
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows in the governmental funds.		949,025
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.		576,706
Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 816,877	
Deferred inflows of resources	(510,245)	306,632
Long-term liabilities, including bonds, loans and notes payable, compensated absences payable, drainage warrants/improvement certificates payable, other post-employment benefits payable, net pension liability and accrued interest payable are not due and payable in the current year and, therefore, are not reported in the governmental funds..........		(10,414,265)
Net Position of Governmental Activities (Page 11)..........		**$ 25,308,179**

See accompanying notes to the financial statements.

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2016

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Drainage Districts	Nonmajor	Total
Revenue							
Property and other county tax	$ 4,118,165	$ 450,402	$ 1,814,883	$ —	$ —	$ 328,438	$ 6,711,888
Local option sales tax	—	—	425,602	—	—	—	425,602
Interest and penalty on property tax	44,074	—	—	—	—	—	44,074
Intergovernmental	3,017,021	205,280	97,770	3,526,342	—	74,123	6,920,536
Licenses and permits	7,419	—	—	7,735	—	—	15,154
Charges for service	638,186	—	—	—	—	2,593	640,779
Use of money and property	217,598	—	—	—	—	39,276	256,874
Miscellaneous	205,796	939	—	103,374	996,200	83,266	1,389,575
Total Revenue	**8,248,259**	**656,621**	**2,338,255**	**3,637,451**	**996,200**	**527,696**	**16,404,482**
Expenditures							
Operating							
Public safety and legal services	1,660,931	—	472,032	—	—	14,410	2,147,373
Physical health and social services	3,319,233	—	—	—	—	—	3,319,233
Mental health	—	714,348	—	—	—	—	714,348
County environment and education	675,167	—	196,255	—	—	22,032	893,454
Roads and transportation	—	—	—	6,230,486	—	—	6,230,486
Governmental services to residents	481,718	—	2,938	—	—	3,382	488,038
Administration	1,303,507	—	—	—	—	49,790	1,353,297
Nonprogram	107,977	—	—	—	2,226,105	—	2,334,082
Debt service	—	—	—	—	—	354,592	354,592
Capital projects	100,000	—	—	11,782	—	39,560	151,342
Total Expenditures	**7,648,533**	**714,348**	**671,225**	**6,242,268**	**2,226,105**	**483,766**	**17,986,245**
Revenue Over (Under) Expenditures	**599,726**	**(57,727)**	**1,667,030**	**(2,604,817)**	**(1,229,905)**	**43,930**	**(1,581,763)**
Other Financing Sources (Uses)							
Sale of capital assets	5,858	—	—	—	—	—	5,858
Transfers in	—	—	—	1,818,074	—	170,000	1,988,074
Transfers out	(303,830)	—	(1,684,244)	—	—	—	(1,988,074)
Drainage warrants/improvement certificates issued	—	—	—	—	1,029,670	—	1,029,670
Total Other Financing Sources (Uses)	**(297,972)**	**—**	**(1,684,244)**	**1,818,074**	**1,029,670**	**170,000**	**1,035,528**
Change in Fund Balances	**301,754**	**(57,727)**	**(17,214)**	**(786,743)**	**(200,235)**	**213,930**	**(546,235)**
Fund Balances - Beginning of Year, as restated (Note 15)	3,055,742	507,151	325,830	2,882,895	492,334	1,012,848	8,276,800
Increase in reserve for inventories	—	—	—	558,666	—	—	558,666
Fund Balances - End of Year	**$ 3,357,496**	**$ 449,424**	**$ 308,616**	**$ 2,654,818**	**$ 292,099**	**$ 1,226,778**	**$ 8,289,231**

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Change in Fund Balances - Total Governmental Funds (Page 15)		**$ (546,235)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures, contributed capital assets and depreciation expense for the current year are as follows:		
Expenditures for capital assets	$ 1,609,903	
Capital assets contributed by the Iowa Department of Transportation	2,151,068	
Depreciation expense	(1,489,034)	2,271,937
The net book value of capital assets disposed during the year		(55,928)
Because some revenue will not be collected for several months after the County's year end, it is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds		160,603
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Current year issues and repayment are as follows:		
Issued	$ (1,029,670)	
Repaid	1,164,509	134,839
The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the statement of net position.		551,510
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	$ (54,903)	
Other post-employment benefits	(78,573)	
Pension expense	(333,202)	
Interest on long-term debt	10,029	(456,649)
Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding asset is exhausted.		558,666
The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		75,473
Change in Net Position of Governmental Activities (Page 12)		**$ 2,694,216**

See accompanying notes to the financial statements.

Statement of Net Position - Proprietary Fund

As of June 30, 2016

	Internal Service Employee Group Health
Current Assets	
Cash and cash equivalents	$ 592,436
Receivables	
Accrued interest	281
Total Current Assets	**$ 592,717**
Liabilities and Net Position	
Current Liabilities	
Accounts payable	**$ 16,011**
Net Position	
Unrestricted	**576,706**
Total Liabilities and Net Position	**$ 592,717**

See accompanying notes to the financial statements.

Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Fund

Year Ended June 30, 2016

	Internal Service Employee Group Health
Operating Revenue	
Reimbursements from operating funds	$ 1,859,832
Reimbursements from employees	166,883
Miscellaneous	18,561
Total Operating Revenue	**2,045,276**
Operating Expenses	
Medical claims	98,158
Insurance premiums	1,813,719
Administrative fees	27,049
Miscellaneous	32,805
Total Operating Expenses	**1,971,731**
Operating Income	**73,545**
Nonoperating Revenue	
Interest income	1,928
Net Income	**75,473**
Net Position - Beginning of Year	501,233
Net Position - End of Year	**$ 576,706**

See accompanying notes to the financial statements.

Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2016

	Internal Service Employee Group Health
Cash Flows From Operating Activities	
Cash received from operating fund reimbursements	$ 1,859,832
Cash received from employees and others	185,444
Cash payments to suppliers for services	(1,983,358)
Net Cash Provided by Operating Activities	**61,918**
Cash Flows From Investing Activities	
Interest on investments	**1,776**
Net Increase in Cash and Cash Equivalents	**63,694**
Cash and Cash Equivalents at Beginning of Year	528,742
Cash and Cash Equivalents at End of Year	**$ 592,436**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 73,545
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Decrease in accounts payable	(11,627)
Net Cash Provided by Operating Activities	**$ 61,918**

Statement of Fiduciary Assets and Liabilities - Agency Funds

As of June 30, 2016

Assets		
Cash, Cash Equivalents and Pooled Investments		
County Treasurer	$	1,377,183
Other county officials		44,453
Receivables		
Property Tax		
Delinquent		42,917
Succeeding year		16,606,966
Accounts		34,993
Accrued interest		113
Assessments		5,443
Due from other governments		56,115
Prepaid insurance		1,048
Total Assets	**$**	**18,169,231**
Liabilities		
Accounts payable	$	11,593
Salaries and benefits payable		21,598
Due to other governments		18,107,141
Trusts payable		15,612
Compensated absences		13,287
Total Liabilities	**$**	**18,169,231**

(1) Summary of Significant Accounting Policies and Other Matters

Wright County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services; parks and cultural activities; planning and zoning; roadway construction and maintenance; and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Wright County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Wright County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units

The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred thirty-three major drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Wright County Board of Supervisors. The drainage districts are reported as a special revenue fund. Financial information of the individual drainage districts can be obtained from the Wright County Auditor's Office.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The Wright County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Wright County Assessor's Conference Board, Wright County Emergency Management Commission and Wright County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the agency funds of the County.

(1) Summary of Significant Accounting Policies and Other Matters

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenue and other nonexchange transactions.

The statement of net position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position that does not meet the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenue are reported instead as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The *General Fund* is the general operating fund of the County. All general tax revenue and other revenue that is not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, fixed charges and capital improvement costs that are not paid from other funds.

Special Revenue

The Mental Health Fund is used to account for property tax and other revenue to be used to fund mental health, intellectual disabilities and developmental disabilities services.

(1) Summary of Significant Accounting Policies and Other Matters

The *Rural Services Fund* is used to account for property tax and other revenue to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The *Secondary Roads Fund* is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenue to be used for secondary roads construction and maintenance.

The *Drainage Districts Fund* is used to account for drainage assessments, drainage repair and issuance of stamped warrants.

Additionally, the County reports the following funds:

Proprietary Fund - An internal service fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenue to be available if it is collected within 60 days after year end.

Property tax, intergovernmental revenue (shared revenue, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(1) Summary of Significant Accounting Policies and Other Matters

Under the terms of the grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenue.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity
The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments
The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and nonnegotiable certificates of deposit which are valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable
Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

(1) Summary of Significant Accounting Policies and Other Matters

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2015.

Drainage Assessments Receivable
Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Due From Other Governments
Due from other governments represents amounts due from the State of Iowa, various shared revenue, grants and reimbursements from other governments.

Inventories
Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.

Capital Assets
Capital assets, which include property, equipment and vehicles, infrastructure and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land and buildings	$ 25,000
Improvements	25,000
Intangibles	25,000
Machinery, equipment and vehicles	5,000
Infrastructure	50,000

(1) Summary of Significant Accounting Policies and Other Matters

Capital assets of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	30 - 40 Years
Improvements	20 - 40 Years
Intangibles	5 - 20 Years
Machinery, equipment and vehicles	3 - 30 Years
Infrastructure	10 - 65 Years

Deferred Outflows of Resources
Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments
Due to other governments represents taxes and other revenue collected by the County and payments for services which will be remitted to other governments.

Trusts Payable
Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences
County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities
In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(1) Summary of Significant Accounting Policies and Other Matters

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources
Deferred inflows of resources represents an acquisition of net position that applies to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year end.

Deferred inflows of resources in the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Fund Equity
In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position
The net position of the Internal Service, Employee Group Health Fund, is designated for anticipated future catastrophic losses of the County.

(1) Summary of Significant Accounting Policies and Other Matters

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the nonprogram and debt service functions.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks as of June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of $850,475 pursuant to Rule 2a-7 under the Investment Company Act of 1940. there were no limitations or restrictions on withdrawals for the IPAIT investments. The County’s investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standard Board Statement No. 72.

Interest Rate Risk

The County’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

(3) Loans Receivable

Wright County Revolving Housing Assistance Fund
Wright County was the recipient of a grant from the Iowa Finance Authority (Authority) in the amount not to exceed $100,000 under the Housing Assistance Fund Program. The Housing Assistance Fund Program was created by the Authority to provide a flexible program of financial assistance for housing projects. Funds were received by the County from the Authority as requested and were then disbursed as loans directly to qualifying lenders to lower the purchaser's mortgage amount or pay for rehabilitation costs.

The loans are repaid to Wright County over a five-year period with interest at 5% per annum. The loan repayments remain in the Special Revenue, Wright County Revolving Housing Assistance Fund, for future loans to other borrowers. The balance of the loans receivable as of June 30, 2016 totaled $57,229. No amounts were disbursed to homeowners during the year ended June 30, 2016.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer From	Amount
Special Revenue		
Secondary Roads	General	$ 133,830
	Special Revenue	
	Rural Services	1,684,244
		1,818,074
Capital Projects		
Jail Project	General	170,000
Total		**$ 1,988,074**

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 939,291	$ —	$ —	$ 939,291
Construction in progress	290,367	150,399	440,766	—
Total Capital Assets Not Being Depreciated	1,229,658	150,399	440,766	939,291
Capital Assets Being Depreciated				
Buildings	6,910,238	413,323	—	7,323,561
Improvements	292,946	—	—	292,946
Machinery, equipment and vehicles	7,121,981	1,486,947	357,913	8,251,015
Infrastructure	33,473,980	2,151,068	—	35,625,048
Total Capital Assets Being Depreciated	47,799,145	4,051,338	357,913	51,492,570
Less Accumulated Depreciation for				
Buildings	2,700,379	159,634	—	2,860,013
Improvements	67,973	10,393	—	78,366
Machinery, equipment and vehicles	5,037,827	444,923	301,985	5,180,765
Infrastructure	17,837,783	874,084	—	18,711,867
Total Accumulated Depreciation	25,643,962	1,489,034	301,985	26,831,011
Total Capital Assets Being Depreciated, Net	22,155,183	2,562,304	55,928	24,661,559
Governmental Activities Capital Assets, Net	**$ 23,384,841**	**$ 2,712,703**	**$ 496,694**	**$ 25,600,850**

Depreciation expense was charged to the following functions:

Governmental Activities	
Public safety and legal services	$ 76,846
Physical health and social services	16,057
Mental health	25,799
County environment and education	49,203
Roads and transportation	1,242,857
Government services to residents	513
Administration	21,631
Nonprogram	56,128
Total Depreciation Expense - Governmental Activities	**$ 1,489,034**

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
Agency		
Agricultural Extension Education	Collections	$ 189,796
County Assessor		865,769
Schools		10,707,785
Community Colleges		794,503
Corporations		4,402,515
Townships		257,932
Auto license and use tax		416,575
All other		472,266
Total Agency Funds		**$ 18,107,141**

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
General obligation bonds......	$ 3,210,000	$ —	$ 190,000	$ 3,020,000	$ 210,000
General obligation notes.......	265,000	—	50,000	215,000	50,000
Intermediary relending loan ..	160,772	—	15,373	145,399	15,519
Compensated absences.......	332,807	387,710	332,807	387,710	387,710
Drainage warrants	1,703,843	1,029,670	1,115,670	1,617,843	—
Drainage improvement certificates........................	498,275	291,813	85,278	704,810	—
Net pension liability...............	2,882,896	716,000	—	3,598,896	—
Net OPEB liability	609,590	80,332	1,759	688,163	—
	$ 9,663,183	**$ 2,505,525**	**$ 1,790,887**	**$ 10,377,821**	**$ 663,229**

General Obligation Notes Payable
As of June 30, 2016, the County's general obligation note indebtedness is as follows:

	General Obligation Refunding Capital Loan Notes Issued May 11, 2010			
Year Ending June 30,	**Interest Rate**	**Principal**	**Interest**	**Total**
2017	3.35%	$ 50,000	$ 8,110	$ 58,110
2018	3.90	55,000	6,435	61,435
2019	3.90	55,000	4,290	59,290
2020	3.90	55,000	2,145	57,145
Total		**$ 215,000**	**$ 20,980**	**$ 235,980**

The County was in compliance in the issue of these notes.

(7) Long-Term Liabilities

General Obligation Bonds Payable

As of June 30, 2016, the County's general obligation bond indebtedness is as follows:

	General Obligation Urban Renewal Road Improvement Bonds Issued November 8, 2010			
Year Ending June 30,	**Interest Rate**	**Principal**	**Interest**	**Total**
2017	3.000%	$ 210,000	$ 98,006	$ 308,006
2018	3.000	220,000	91,706	311,706
2019	3.000	225,000	85,106	310,106
2020	3.000	230,000	78,356	308,356
2021	3.000	240,000	71,456	311,456
2022-2026	3.000 - 3.500	1,310,000	241,963	1,551,963
2027-2030	3.625 - 3.750	585,000	43,326	628,326
Total		**$ 3,020,000**	**$ 709,919**	**$ 3,729,919**

The bonds contain various covenant requirements. The County was in compliance with those covenants as of June 30, 2016.

Drainage Warrants/Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing the assessments or installments due from the landowner are sold for cash as interest-bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment plus interest from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Drainage Districts Fund solely from drainage assessments against benefited properties.

Wright County Intermediary Relending Loan Program

The County entered into an intermediary relending loan program agreement with the Farmers Home Administration (FmHA) dated July 25, 1994, pursuant to the provisions of Chapter 331.402 of the Code of Iowa. The loan agreement is for the purpose of borrowing funds in order to make loans to private persons for economic development through Wright County Economic Development Corporation. FmHA loaned the County $400,000 with interest at the fixed rate of 1% per annum. Principal and interest will be paid in 27 equal annual amortized installments beginning on July 25, 1998, with any remaining balance due and payable 30 years from the date of the note. In addition, the County has contributed $100,000 to the intermediary relending loan program.

(7) Long-Term Liabilities

Details of the loan repayment requirements are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2017	1.00%	$ 15,519	$ 1,461	$ 16,980
2018	1.00	15,675	1,305	16,980
2019	1.00	15,833	1,147	16,980
2020	1.00	15,992	988	16,980
652021	1.00	16,152	828	16,980
2022-2025	1.00	66,228	1,690	67,918
Total		**$ 145,399**	**$ 7,419**	**$ 152,818**

During the year ended June 30, 2016, the County made $65,328 of new loans and received loan principal payments of $27,122 leaving a balance of loans receivable as of June 30, 2016 of $152,085.

(8) Operating Lease

The County has leased a tractor under an operating lease expiring on June 30, 2017.

The following is a schedule by year of future minimum rental payments required under the operating lease as of June 30, 2016.

Year Ending June 30,	Amount
2017	**$ 13,021**

Total rental expenditures for the year ended June 30, 2016 for the operating lease was $13,021.

(9) Pension and Retirement Benefits

Plan Description
IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at *www.ipers.org*.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

(9) Pension and Retirement Benefits

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

(9) Pension and Retirement Benefits

Contributions

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point. IPERS' Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were $551,510.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the County reported a liability of $3,598,896 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2015, the County's proportion was 0.0728450% which was an increase of 0.000153% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $333,902. As of June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 54,565	$ 27,682
Changes of assumptions	99,434	16,547
Net difference between projected and actual earnings on pension plan investments	—	371,925
Changes in proportion and differences between County contributions and proportionate share of contributions	111,368	94,091
County contributions subsequent to the measurement date	551,510	—
Total	**$ 816,877**	**$ 510,245**

$551,510 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(9) Pension and Retirement Benefits

Year Ending June 30,	
2017	$ (137,360)
2018	(137,360)
2019	(137,360)
2020	171,104
2021	(3,902)
Total	**$ (244,878)**

There were no nonemployer contributing entities to IPERS.

Actuarial Assumptions
The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3% per annum.
Salary increases (effective June 30, 2010)	4% to 17%, average, including inflation. Rates may vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.5% per annum, compounded annually, net of pension plan investment expense, including inflation.
Wage growth (effective June 30, 1990)	4% per annum, based on 3% inflation assumption and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	**100%**	

(9) Pension and Retirement Benefits

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	$ 6,942,661	$ 3,598,896	$ 778,502

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at *www.ipers.org*.

Payables to the Pension Plan

All legally required County contributions and legally required employee contributions which had been withheld from employee were remitted by the County to IPERS by June 30, 2016.

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund, was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2016 was $1,859,832.

(10) Employee Health Insurance Plan

Amounts payable from the Employee Group Health Fund as of June 30, 2016 totaled $16,011, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $576,706 as of June 30, 2016 and is reported as a designation of the Internal Service, Employee Group Health Fund, net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims being reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid Claims - Beginning of Year	$ 24,592
Incurred claims (including claims incurred but not reported as of June 30, 2016)	98,158
Payments	
Payment on claims during the fiscal year	(106,739)
Unpaid Claims - End of Year	**$ 16,011**

(11) Other Postemployment Benefits (OPEB)

Plan Description

The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 122 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a partially self-funded medical plan, is administered by Employee Benefits System. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

(11) Other Postemployment Benefits (OPEB)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 100,284
Interest on net OPEB obligation	15,240
Adjustment to annual required contribution	(35,192)
Annual OPEB Cost	80,332
Contributions made	(1,759)
Increase in Net OPEB Obligation	78,573
Net OPEB Obligation - Beginning of Year	609,590
Net OPEB Obligation - End of Year	$ 688,163

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end-of-year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed $1,759 to the medical plan. Plan members eligible for benefits contributed $178, or 9.2% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 109,746	0.00%	$ 531,949
June 30, 2015	79,767	2.67	609,590
June 30, 2016	80,332	2.19	688,163

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date for the period of July 1, 2015 through June 30, 2016, the actuarial accrued liability was $597,517 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $597,517. The covered payroll (annual payroll of active employees covered by the plan) was approximately $5,851,000 and the ratio of the UAAL to covered payroll was 10.21%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(11) Other Postemployment Benefits (OPEB)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy and an annual healthcare cost trend rate of 6.0% per year. An inflation rate of 0% is assumed for the purpose of this calculation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries Study and applying the termination factors used in the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are approximately $500 per month per active employee. The UAAL is being amortized as a level percentage of projected payroll expense on a closed basis over 30 years.

(12) Risk Management

Wright County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the basis rate.

(12) Risk Management

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2016 were $152,871.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses, exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Subsequent Events

Management has evaluated subsequent events through February 1, 2017, the date which the financial statements were available to be issued.

Subsequent to June 30, 2016, the County approved a development agreement with a pork processing company which will require the County to offer a tax rebate and establish an urban renewal area for tax increment financing to assist in funding for improvements to related County roads and the wastewater treatment facility.

Subsequent to June 30, 2016, the County approved the purchase of new law enforcement radios for approximately $400,000. $200,000 of the costs will be offset by a state grant.

(14) Wright County Financial Information Included in the County Social Services Region

County Social Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The financial activity of Wright Country's Special Revenue, Mental Health Fund is included in the County Social Services Region for the year ended June 30, 2016, as follows:

Revenue	
Property and other county tax	$ 450,402
Intergovernmental Revenue	
State tax credits	38,404
MH-DD reimbursement from other governments	100,768
Payments from regional fiscal agent	65,704
Other	404
Total Intergovernmental Revenue	205,280
Miscellaneous	939
Total Revenue	**656,621**
Expenditures	
Services to Persons With	
Mental illness	397
General Administration	
Direct administration and distribution to regional fiscal agent	568,257
County-provided case management	145,694
Total Expenditures	**714,348**
Excess of Expenditures Over Revenue	**(57,727)**
Fund Balance - Beginning of Year, as restated (Note 15)	507,151
Fund Balance - End of Year	**$ 449,424**

(15) Prior Period Adjustment

The County restated beginning fund balances and net position to account for a $31,681 overstatement of deferred revenue in the Special Revenue, Mental Health Fund and a $127,500 understatement of inventory in the Special Revenue, Secondary Roads Fund as of June 30, 2015.

The effects of the restatements on the County's beginning fund balances and net position was as follows:

		Special Revenue	
	Governmental Activities	Mental Health	Secondary Roads
Fund Balance/Net Position - June 30, 2015, as previously reported	$ 22,454,782	$ 475,470	$ 2,755,395
Overstatement of deferred revenue	31,681	31,681	—
Understatement of inventory	127,500	—	127,500
Fund Balance/Net Position - July 1, 2015, as Restated	**$ 22,613,963**	**$ 507,151**	**$ 2,882,895**

Required Supplementary Information

Schedule of Budgetary Comparison of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds

Year Ended June 30, 2016

	Actual	Less Funds Not Required to be Budgeted	Net Actual	Budgeted Amounts Original	Budgeted Amounts Final	Over (Under) Budget
Receipts						
Property and other county tax	$ 6,711,888	$ —	$ 6,711,888	$ 7,118,083	$ 7,136,468	$ (424,580)
Interest and penalty on property tax	44,074	—	44,074	41,201	41,201	2,873
Intergovernmental	7,340,510	—	7,340,510	6,706,955	7,002,140	338,370
Licenses and permits	15,834	—	15,834	14,025	14,775	1,059
Charges for service	650,018	—	650,018	609,100	592,220	57,798
Use of money and property	246,123	—	246,123	203,314	200,267	45,856
Miscellaneous	1,339,731	996,200	343,531	148,584	300,961	42,570
Total Receipts	**16,348,178**	**996,200**	**15,351,978**	**14,841,262**	**15,288,032**	**63,946**
Disbursements						
Public safety and legal services	2,151,685	—	2,151,685	2,377,004	2,423,704	(272,019)
Physical health and social services	3,333,402	—	3,333,402	4,025,586	3,785,364	(451,962)
Mental health	700,304	—	700,304	1,002,198	1,002,198	(301,894)
County environment and education	896,151	—	896,151	1,194,239	1,197,066	(300,915)
Roads and transportation	5,256,442	—	5,256,442	5,176,650	5,353,252	(96,810)
Governmental services to residents	488,085	—	488,085	594,249	609,249	(121,164)
Administrative services	1,333,359	—	1,333,359	1,521,183	1,526,183	(192,824)
Nonprogram	1,293,615	1,185,638	107,977	33,600	34,600	73,377
Debt service	354,592	—	354,592	354,495	354,495	97
Capital projects	151,342	—	151,342	310,000	366,109	(214,767)
Total Disbursements	**15,958,977**	**1,185,638**	**14,773,339**	**16,589,204**	**16,652,220**	**(1,878,881)**
Receipts Over (Under) Disbursements	**389,201**	**(189,438)**	**578,639**	**(1,747,942)**	**(1,364,188)**	**1,942,827**
Other Financing Sources, Net	**5,858**	**—**	**5,858**	**1,000**	**1,000**	**4,858**
Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	**395,059**	**(189,438)**	**584,497**	**(1,746,942)**	**(1,363,188)**	**1,947,685**
Balance - Beginning of Year	6,958,810	603,229	6,355,581	5,184,049	5,184,049	1,171,532
Balance - End of Year	**$ 7,353,869**	**$ 413,791**	**$ 6,940,078**	**$ 3,437,107**	**$ 3,820,861**	**$ 3,119,217**

Schedule of Budgetary Comparison - Budget to GAAP Reconciliation

Year Ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue	$ 16,348,178	$ 56,304	$ 16,404,482
Expenditures	15,958,977	2,027,268	17,986,245
Net	389,201	(1,970,964)	(1,581,763)
Other financing sources, net	5,858	1,029,670	1,035,528
Beginning fund balances	6,958,810	1,317,990	8,276,800
Decrease in reserve for inventories	—	558,666	558,666
Ending Fund Balances	**$ 7,353,869**	**$ 935,362**	**$ 8,289,231**

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2016

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services; physical health and social services; mental health; county environment and education; roads and transportation; governmental services to residents; administration; nonprogram; debt service; and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted revenue and disbursements by a combined total of $383,754. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed amounts appropriated, but disbursements exceeded the amounts budgeted in the nonprogram and debt service functions.

Schedule of Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System

Last Two Years*

	2016	2015
County's proportion of the net pension liability	0.0728450%	0.0726920%
County's proportionate share of the net pension liability	$3,598,896	$2,882,896
County's covered-employee payroll	$6,019,000	$5,970,000
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.79%	48.29%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Schedule of Contributions
Iowa Public Employees' Retirement System

Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	$ 551,510	$ 548,460	$ 543,964	$ 498,930	$ 461,104	$ 392,578	$ 372,057	$ 345,544	$ 306,403	$ 282,741
Contributions in relation to the statutorily required contributions	(551,510)	(548,460)	(543,964)	(498,930)	(461,104)	(392,578)	(372,057)	(345,544)	(306,403)	(282,741)
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
County's covered-employee payroll	$ 6,067,000	$ 6,019,000	$ 5,970,000	$ 5,597,000	$ 5,496,000	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	9.09%	9.11%	9.11%	8.91%	8.39%	N/A	N/A	N/A	N/A	N/A

N/A - Information is not available for this fiscal year.

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

Schedule of Funding Progress for the Retiree Health Plan

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL)* (b-a)	Funded Ratio (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	7-1-08	$ —	$ 537	$ 537	0%	$ 4,074	13.19%
2010	7-1-08	—	537	537	0	4,572	11.75
2011	7-1-08	—	537	537	0	4,649	11.56
2012	7-1-11	—	811	811	0	5,356	15.15
2013	7-1-11	—	800	800	0	5,263	15.19
2014	7-1-11	—	758	758	0	5,605	13.53
2015	7-1-14	—	623	623	0	5,700	10.93
2016	7-1-14	—	598	598	0	5,851	10.21

See Note 11 in the accompanying notes to the financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

* Reported in thousands.

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue										Capital Projects		
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhance-ment and Protection	Wright County Intermediary Relending Loan Program	Wright County Revolving Housing Assistance	Drainage Adminis-tration	Debt Service	Wind Farm Urban Renewal	Jail Project	Total
Assets													
Cash, cash equivalents and pooled investments	$ 15,279	$ 186	$ 7,618	$ 4	$ 845	$ 65,448	$ 405,894	$ 132,663	$ 103,482	$ 162,927	$ 26,743	$ 313,858	$ 1,234,947
Receivables													
Property Tax													
Delinquent	—	—	—	—	—	—	—	—	—	91	—	—	91
Succeeding year	—	—	—	—	—	—	—	—	—	54,495	325,942	—	380,437
Accounts	626	—	—	—	—	—	149	—	—	—	—	6,000	6,775
Accrued interest	3	—	—	—	—	8	162	68	—	—	210	—	451
Loans receivable	—	—	—	—	—	—	152,085	57,229	—	—	—	—	209,314
Total Assets	**$ 15,908**	**$ 186**	**$ 7,618**	**$ 4**	**$ 845**	**$ 65,456**	**$ 558,290**	**$ 189,960**	**$ 103,482**	**$ 217,513**	**$ 352,895**	**$ 319,858**	**$ 1,832,015**
Liabilities, Deferred Inflows of Resources and Fund Balances													
Liabilities													
Accounts payable	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 15,395**	**$ —**	**$ —**	**$ —**	**$ 15,395**
Deferred Inflows of Resources													
Unavailable Revenue													
Succeeding year property tax	—	—	—	—	—	—	—	—	—	54,495	325,942	—	380,437
Other	—	—	—	—	—	—	152,085	57,229	—	91	—	—	209,405
Total Deferred Inflows of Resources	**—**	**—**	**—**	**—**	**—**	**—**	**152,085**	**57,229**	**—**	**54,586**	**325,942**	**—**	**589,842**
Fund Balances													
Restricted for													
Debt service	—	—	—	—	—	—	—	—	—	162,927	—	—	162,927
Capital projects	—	—	—	—	—	—	—	—	—	—	26,953	319,858	346,811
Other purposes	15,908	186	7,618	4	845	65,456	406,205	132,731	88,087	—	—	—	717,040
Total Fund Balances	**15,908**	**186**	**7,618**	**4**	**845**	**65,456**	**406,205**	**132,731**	**88,087**	**162,927**	**26,953**	**319,858**	**1,226,778**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 15,908**	**$ 186**	**$ 7,618**	**$ 4**	**$ 845**	**$ 65,456**	**$ 558,290**	**$ 189,960**	**$ 103,482**	**$ 217,513**	**$ 352,895**	**$ 319,858**	**$ 1,832,015**

Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue										Capital Projects		
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Attorney Share Forfeiture	Federal Forfeiture	State Forfeiture	Resource Enhance-ment and Protection	Wright County Intermediary Relending Loan Program	Wright County Revolving Housing Assistance	Drainage Adminis-tration	Debt Service	Wind Farm Urban Renewal	Jail Project	Total
Revenue													
Property and other county tax	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 328,438	$ —	$ —	$ 328,438
Intergovernmental	—	—	—	—	—	13,778	—	—	—	60,345	—	—	74,123
Charges for service	2,593	—	—	—	—	—	—	—	—	—	—	—	2,593
Use of money and property	18	—	—	9	11	104	32,973	5,800	—	—	361	—	39,276
Miscellaneous	—	—	—	—	—	—	—	—	10,266	—	—	73,000	83,266
Total Revenue	**2,611**	**—**	**—**	**9**	**11**	**13,882**	**32,973**	**5,800**	**10,266**	**388,783**	**361**	**73,000**	**527,696**
Expenditures													
Operating													
Public safety and legal services	—	—	325	7,085	7,000	—	—	—	—	—	—	—	14,410
County environment and education	—	—	—	—	—	—	17,025	5,007	—	—	—	—	22,032
Governmental services to residents	3,382	—	—	—	—	—	—	—	—	—	—	—	3,382
Administration	—	—	—	—	—	—	—	—	49,790	—	—	—	49,790
Debt service	—	—	—	—	—	—	—	—	—	354,592	—	—	354,592
Capital projects	—	—	—	—	—	30,000	—	—	—	—	—	9,560	39,560
Total Expenditures	**3,382**	**—**	**325**	**7,085**	**7,000**	**30,000**	**17,025**	**5,007**	**49,790**	**354,592**	**—**	**9,560**	**483,766**
Revenue Over (Under) Expenditures	**(771)**	**—**	**(325)**	**(7,076)**	**(6,989)**	**(16,118)**	**15,948**	**793**	**(39,524)**	**34,191**	**361**	**63,440**	**43,930**
Other Financing Sources													
Transfers in	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**170,000**	**170,000**
Change in Fund Balances	**(771)**	**—**	**(325)**	**(7,076)**	**(6,989)**	**(16,118)**	**15,948**	**793**	**(39,524)**	**34,191**	**361**	**233,440**	**213,930**
Fund Balances - Beginning of Year	16,679	186	7,943	7,080	7,834	81,574	390,257	131,938	127,611	128,736	26,592	86,418	1,012,848
Fund Balances - End of Year	**$ 15,908**	**$ 186**	**$ 7,618**	**$ 4**	**$ 845**	**$ 65,456**	**$ 406,205**	**$ 132,731**	**$ 88,087**	**$ 162,927**	**$ 26,953**	**$ 319,858**	**$ 1,226,778**

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

Year Ended June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assess-ments	Auto License and Use Tax	Other	Total
Assets											
Cash, Cash Equivalents and Pooled Investments											
County Treasurer	$ —	$ 2,786	$ 399,085	$ 138,244	$ 7,820	$ 51,417	$ 3,260	$ 1,801	$ 416,575	$ 356,195	$ 1,377,183
Other county officials	44,453	—	—	—	—	—	—	—	—	—	44,453
Receivables											
Property Tax											
Delinquent	—	323	837	18,825	1,259	21,643	26	—	—	4	42,917
Succeeding year	—	186,687	484,112	10,550,716	785,424	4,329,455	254,646	—	—	15,926	16,606,966
Accounts	—	—	—	—	—	—	—	—	—	34,993	34,993
Accrued interest	—	—	—	—	—	—	—	—	—	113	113
Assessments	—	—	—	—	—	—	—	5,443	—	—	5,443
Due from other governments	—	—	—	—	—	—	—	—	—	56,115	56,115
Prepaid insurance	—	—	—	—	—	—	—	—	—	1,048	1,048
Total Assets	**$ 44,453**	**$ 189,796**	**$ 884,034**	**$ 10,707,785**	**$ 794,503**	**$ 4,402,515**	**$ 257,932**	**$ 7,244**	**$ 416,575**	**$ 464,394**	**$ 18,169,231**
Liabilities											
Accounts payable	$ —	$ —	$ 4,906	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,687	$ 11,593
Salaries and benefits payable	—	—	8,403	—	—	—	—	—	—	13,195	21,598
Due to other governments	28,841	189,796	865,769	10,707,785	794,503	4,402,515	257,932	7,244	416,575	436,181	18,107,141
Trusts payable	15,612	—	—	—	—	—	—	—	—	—	15,612
Compensated absences	—	—	4,956	—	—	—	—	—	—	8,331	13,287
Total Liabilities	**$ 44,453**	**$ 189,796**	**$ 884,034**	**$ 10,707,785**	**$ 794,503**	**$ 4,402,515**	**$ 257,932**	**$ 7,244**	**$ 416,575**	**$ 464,394**	**$ 18,169,231**

See accompanying notes to the financial statements.

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds

Year Ended June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assess-ments	Auto License and Use Tax	Other	Total
Assets and Liabilities											
Balances - Beginning of Year	$ 49,665	$ 211,100	$ 761,574	$ 10,493,558	$ 599,236	$ 4,195,305	$ 251,482	$ 65,842	$ 395,272	$ 381,485	$ 17,404,519
Additions											
Property and other county tax	—	188,957	489,477	10,648,574	792,257	4,169,589	261,162	—	—	16,310	16,566,326
Intergovernmental	—	—	—	—	—	—	—	—	—	114,920	114,920
Charges for service	—	—	—	—	—	—	—	—	—	2,573	2,573
Use of money and property	—	—	—	—	—	—	—	—	—	10,475	10,475
Miscellaneous	—	—	438	—	—	—	—	10,967	4,365,300	912,915	5,289,620
E911 surcharge	—	—	—	—	—	—	—	—	—	155,135	155,135
State tax credits	—	18,106	41,656	927,510	51,689	680,344	13,824	—	—	592	1,733,721
Office fees and collections	316,444	—	98	—	—	—	—	—	—	—	316,542
Trusts	97,694	—	—	—	—	—	—	—	—	—	97,694
Total Additions	414,138	207,063	531,669	11,576,084	843,946	4,849,933	274,986	10,967	4,365,300	1,212,920	24,287,006
Deductions											
Agency Remittances											
To other funds	125,144	—	409,209	—	—	—	—	—	—	425,699	960,052
To other governments	196,512	228,367	—	11,361,857	648,679	4,642,723	268,536	69,565	4,343,997	704,312	22,464,548
Trusts paid out	97,694	—	—	—	—	—	—	—	—	—	97,694
Total Deductions	419,350	228,367	409,209	11,361,857	648,679	4,642,723	268,536	69,565	4,343,997	1,130,011	23,522,294
Balances - End of Year	$ 44,453	$ 189,796	$ 884,034	$ 10,707,785	$ 794,503	$ 4,402,515	$ 257,932	$ 7,244	$ 416,575	$ 464,394	$ 18,169,231

Schedule of Revenue by Source and Expenditures by Function
All Governmental Funds

Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenue										
Property and other county tax	$ 7,137,490	$ 6,834,425	$ 6,910,281	$ 6,717,170	$ 6,536,647	$ 6,128,897	$ 5,424,065	$ 5,836,128	$ 5,295,126	$ 4,752,466
Interest and penalty on property tax	44,074	48,289	47,141	46,913	47,310	57,070	43,006	44,104	37,785	37,595
Intergovernmental	6,920,536	6,707,202	6,860,328	6,430,309	6,333,584	6,762,706	6,965,763	7,005,066	6,443,329	5,867,073
Licenses and permits	15,154	13,710	13,940	13,510	14,865	12,390	11,375	12,949	21,679	8,140
Charges for service	640,779	627,447	588,704	584,188	478,952	513,636	509,793	557,591	543,306	474,686
Use of money and property	256,874	297,547	285,178	355,273	391,769	219,880	195,805	283,712	336,168	405,145
Miscellaneous	1,389,575	672,476	632,111	2,512,021	1,867,479	212,142	334,657	332,671	352,529	224,751
Nonprogram	—	—	—	—	—	620,555	478,675	874,142	413,633	192,577
Total Revenue	**$ 16,404,482**	**$ 15,201,096**	**$ 15,337,683**	**$ 16,659,384**	**$ 15,670,606**	**$ 14,527,276**	**$ 13,963,139**	**$ 14,946,363**	**$ 13,443,555**	**$ 11,962,433**
Expenditures										
Operating										
Public safety and legal services	$ 2,147,373	$ 2,103,176	$ 1,967,763	$ 1,894,829	$ 1,882,769	$ 1,835,101	$ 1,713,067	$ 1,649,360	$ 1,541,242	$ 1,524,566
Physical health and social services	3,319,233	3,946,753	3,985,011	3,472,659	3,206,903	3,143,205	3,174,449	3,163,386	3,059,909	2,979,665
Mental health	714,348	745,179	946,659	700,538	1,529,994	1,561,072	1,510,803	1,529,418	1,738,176	1,512,361
County environment and education	893,454	851,845	900,300	870,078	919,886	794,619	872,260	965,986	1,085,190	782,026
Roads and transportation	6,230,486	4,687,570	4,602,886	4,360,012	3,789,389	3,931,085	3,468,761	3,645,625	4,309,793	3,452,115
Governmental services to residents	488,038	499,232	509,082	488,573	470,356	438,464	435,546	438,472	390,403	394,625
Administration	1,353,297	1,220,690	1,248,707	1,267,213	1,230,153	1,088,070	1,080,895	1,042,801	1,083,971	976,728
Nonprogram	2,334,082	1,298,175	1,534,340	2,882,267	3,258,283	1,921,879	1,010,743	931,700	473,256	296,905
Debt service	354,592	330,591	305,891	336,031	391,464	251,743	812,457	282,208	217,907	235,922
Capital projects	151,342	973,646	734,646	145,256	2,392,976	1,128,938	1,306,959	437,068	163,735	982,057
Total Expenditures	**$ 17,986,245**	**$ 16,656,857**	**$ 16,735,285**	**$ 16,417,456**	**$ 19,072,173**	**$ 16,094,176**	**$ 15,385,940**	**$ 14,086,024**	**$ 14,063,582**	**$ 13,136,970**

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Certified Public Accountants and Consultants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Supervisors
Wright County
Clarion, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wright County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 1, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Wright County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wright County's internal control. Accordingly, we do not express an opinion on the effectiveness of Wright County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying schedule of findings as items 16-I-R-1, 16-I-R-2 and 16-I-R-3 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wright County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wright County's Responses to Findings

Wright County's responses to the findings identified in our audit are described in the accompanying schedule of findings. While we have expressed our conclusions on the County's responses, we did not audit Wright County's responses and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report, a public record by law, is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hogan - Hansen

HOGAN - HANSEN

Clear Lake, Iowa
February 1, 2017

Part I: Findings Related to the Financial Statements

Internal Control Deficiencies

16-I-R-1 Segregation of Duties

Prior Year Finding and Recommendation - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted various functions of the Auditor, Treasurer, Recorder and Sheriff offices are performed by the same person. The potential effect of this material weakness is an error or fraud could occur and not be timely detected.

We recognize that with a limited number of office employees, segregation of duties is difficult. However, the County should review its control procedures to obtain the maximum internal control possible under the circumstances, segregate duties to the extent possible with existing personnel and utilize administrative personnel and elected officials to provide additional control through review of financial transactions and reports.

Current Year Finding - We found the same condition exists.

Auditor's Recommendation - We reiterate our prior year recommendation.

County's Response - We will monitor this situation and continue to segregate incompatible duties as efficiently as possible.

Auditor's Conclusion - Response accepted.

16-I-R-2 Financial Reporting

Prior Year Finding and Recommendation - During the audit, we identified material amounts of accounts receivable and accounts payable not recorded or incorrectly recorded in the County's financial records. Receipts or payments in July and August following year end were not always coded as a receipt or payment for goods or services provided prior to June 30 and included in the accounts receivable and accounts payable listings.

This finding could potentially result in a material misstatement in the County's financial records, and the County should implement procedures to ensure all receivables, payables and bank transfers are identified and included in the County's financial records.

Current Year Finding - We found the same condition exists.

Auditor's Recommendation - We reiterate our prior year recommendation.

County's Response - We will adjust our financial records to properly include those amounts and will revise our current procedures to ensure the proper amounts are recorded in the financial records in the future.

Auditor's Conclusion - Response accepted.

16-I-R-3 Financial Statement Preparation

<u>Prior Year Finding and Recommendation</u> - The County does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with accounting principles generally accepted in the United States of America. As is inherent in many organizations of this size, the County has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures. The potential effect of this material weakness is financial statements and related disclosures may not be prepared in accordance with generally accepted accounting principles.

We recommend that the County staff obtain additional knowledge through reading relevant accounting literature and attending local professional education courses.

<u>Current Year Finding</u> - We found the same condition exists.

<u>Auditor's Recommendation</u> - We reiterate our prior year recommendation.

<u>County's Response</u> - The County will consider obtaining additional knowledge where cost effective but will continue to rely on its audit firm for assistance with drafting the financial statements and disclosures.

<u>Auditor's Conclusion</u> - Response accepted.

Instances of Noncompliance
There were no instances of noncompliance reported.

<u>Part II: Other Findings Related to Statutory Reporting</u>

16-II-A **Certified Budget** - Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the nonprogram and debt service functions.

<u>Auditor's Recommendation</u> - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

<u>County's Response</u> - We will amend the budget when required.

<u>Auditor's Conclusion</u> - Response accepted.

16-II-B **Questionable Disbursements** - No questionable disbursements were noted.

16-II-C **Travel Expense** - No disbursements of County money for travel expenses of spouses of County officials or employees were noted.

16-II-D **Business Transactions** - Business transactions between the County and County officials and employees which may be conflicts of interest are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rick Rasmussen, District Supervisor Oaks Garden Spot & Rasmussen Lawn Care, Inc.	Landscaping services	$ 7,300

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with Supervisor Rasmussen may represent conflicts of interest since a competitive bidding process was not utilized and the total of the transactions were in excess of $1,500.

Auditor's Recommendation - The County should use a competitive bidding process when practicable.

County's Response - A competitive bidding process is not always practical; however, we will endeavor to competitively bid the work when practicable in the future.

Auditor's Conclusion - Response accepted.

16-II-E **Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

16-II-F **Board of Supervisors Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.

16-II-G **Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

16-II-H **Resource Enhancement and Protection Certification** - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

16-II-I **Economic Development** - During the year ended June 30, 2016, the County expended approximately $147,000 for economic development purposes, which appear to be appropriate expenditures of public funds since the public benefits to be derived have been clearly documented.

16-II-J **County Extension Office** - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in the statements of net position or activities.

Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

16-II-K **Emergency Management Commission Budget** - The disbursements in the Emergency Management Commission Fund did not exceed the amounts budgeted.

16-II-L **E911 Service Board Budget** - The disbursements in the E911 Service Board Fund did not exceed the amounts budgeted.

16-II-M **Urban Renewal Annual Report** - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, and no exceptions were noted.